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Keep Leases Up With New Farming Methods

by I. W. Arthur and John F. Timmons

Farming methods change rapidly. But farm leases, based largely on custom change slowly. So if custom can't keep up with the changes, we'll have to work out new arrangements ourselves.

FARMING METHODS are changing rapidly. Yet farm leases, based largely on "what's customary," change slowly. Customary rental practices for many of the newer farming methods haven't been worked out yet.

As a result both tenants and landlords may be slow to adopt new farming methods. Often they must work out their own arrangements without the benefit of custom as a guide. So there are many variations in rental provisions to meet new farming methods.

Although there are few set patterns for carrying out many of the newer farm practices, our survey of tenants and owners shows what some of the landlords and tenants are doing to get these practices adopted on their farms. Others may find these ideas helpful in adjusting their rental arrangements to meet farming methods.

Weed Control Costs

With the coming of 2,4-D and

other chemicals, the question arises as to who pays for the extra labor, chemicals and equipment used to kill weeds. Many means are being used for sharing these costs. If considerable amounts of noxious weeds are present when the tenant moves on the farm, the landlord may pay for the chemicals and custom work (if spray equipment is hired) the first year to bring the weeds under control.

Thereafter, the landlord may furnish the chemicals and the tenant the labor. If weed control is done by custom work, the landlord and tenant often share the custom cost equally. Sometimes, on a stock-share lease, spray equipment and materials are furnished jointly and the tenant furnishes the labor for spraying.

Insect Control

Spraying to control corn borers and other insects is a practice becoming more widely adopted. It involves additional costs which most leases haven't provided for.

One way landlords and tenants are sharing this cost is to split the entire cost of spraying equally when custom work is hired. If the tenant does the work, the landlord may furnish all or half of the spray materials on a share-rented farm.

What if one of the parties doesn't pay his half of the cost? Five tenants in our survey said this was the case with their landlords who were not willing to pay half the cost of spraying for corn borers. In such instances, there may be little that can be done if the time for spraying has arrived. However, if spraying is necessary, this practice should be discussed when the farm is rented or when the lease is renewed.

Commercial Fertilizers

The use of commercial fertilizers has increased 300 percent in Iowa during the past decade. Many Iowa farm leases don't contain proper provisions for this practice or state how costs are to be shared. In the share leases, fertilizer costs for corn were shared the same way the crop was shared in most of the cases we studied. In some cases the landlord paid for a little more than half of the fertilizer used on corn—allowing the tenant something for hauling and spreading the fertilizer.

Where commercial fertilizers were applied to small grains with legume seedings, we found all kinds of arrangements for sharing the fertilizer costs. With stock share leases fertilizer costs are usually shared 50-50. The same holds true for

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most crop-share deals. In some of the cash leases the landlord paid for half of the phosphate on oats and seeding to protect his investment in legume seed. Occasionally the landlord furnished all the fertilizer, and the tenant the labor for spreading. This arrangement was used where the tenant might not be on the farm long enough to get full benefit from furnishing the materials.

In most cases the landlord bought the limestone and received the PMA payment for spreading it. But in an increasing number of cases the renters with secure tenure are paying for part of the limestone. In such cases the tenant may ask for a guarantee of compensation for unused value in case he has to move before he has had full use of the lime.

Although the topography of north central Iowa—the area of our study—generally doesn't call for terracing, a few rented farms in our study had terraces. In all instances the landlords had built the terraces, and the tenants had agreed to maintain them.

Contouring

Here again, topography of north central Iowa generally doesn't call for contour farming. In the few instances where contouring was practiced, the landlord arranged for laying out the contours. If fences had to be moved, the landlord paid for all materials, and the tenant furnished the labor. It's likely, however, that tenants would expect compensation for this labor in case they move within a year or so.

Where grass waterways were used, the landlord generally furnished the seed, fertilizer, lime and any major grading work. The tenant furnished his labor, minor grading and agreed to maintain the waterways with good tillage practices.

Combining

If a landlord received half the oats or beans, he usually paid for half the combining and half the seed oats.

However, if the landlord received two-fifths or some other share less than half the crop, the tenant usually paid all harvesting and seed costs. In a few cases, the landlord paid a harvesting cost equivalent to the share of the twine and threshing costs which was the custom when

crops were harvested with binders and threshers. However, since oat yields have gone up some landlords have been asking for and getting a little better deal on the oats.

Grain Storage

Under the government crop-loan programs, acceptable storage facilities may determine whether or not benefits from these programs can be obtained.

Where there's satisfactory storage room on the farm for only 2,000 bushels of corn or beans, for example, and each party has that much grain eligible for storage, who gets the use of that storage space? Several tenants and landlords were concerned with this problem. All agreed that arrangements should be worked out at the beginning of the lease or during its renewal to meet such problems before harvest arrives.

One arrangement is to share available storage facilities the same way the crop is shared. Or if more storage space is anticipated, it may be constructed jointly with arrangements that the tenant be compensated for the unused value of his share of the investment in case he moves. Also, tenants may buy movable cribs which they can take with them when leaving the farm.

Down-Corn Problem

A combination of factors, including corn borers, use of corn pickers, dry falls and high winds, sometimes results in considerable corn on the ground at harvesting time. Although this problem isn't so serious under stock-share and cash rents, it may lead to trouble under crop-share leases.

At times this problem has been so serious that some landlords and tenants are beginning to put provisions into their leases for settling it. One method which several landlords and tenants are using as a lease provision with considerable success is as follows:

- Agree upon a "normal amount" of corn which is usually left in the field—for example, 2 to 3 bushels per acre, or some other amount both can agree on.

- If the corn is shared 50-50, the tenant agrees to pay the landlord

in corn or cash something less than half the estimated amount beyond the agreed-upon normal leavage. (Something "less than half" is used as a basis for settlement since the corn on the ground is frequently poorer in quality than standing corn.)

- In case the tenant can harvest the down corn with livestock and doesn't want to pick it up, the amount left on the ground can be estimated by picking up or counting sample areas of corn on the ground.

Some tenants and landlords estimate this amount by counting the ears left in every tenth middle of rows and multiplying this amount by ten. Others take blocks of so many hills square as samples for estimating the amount of corn on the ground.

However, the important point is to find a workable procedure for settling the problem before a difference arises and include the procedure in the lease.

Other Adjustments

In case these methods don't seem suited to a particular situation, it might be desirable to "ask around" and find landlords and tenants in the community who have developed satisfactory arrangements. *But be sure to find out if the arrangement is tied up with or conditioned by other parts of the lease.* Obtain a complete account of the arrangements. Usually it is not possible to take individual items in two leases and compare them directly. Oftentimes their handling is tied to some other agreement in the lease.

For example, the tenant may furnish all the fertilizer and grass seed for a given year in return for the landlord fixing up the house or some other compensating feature not directly related to the practice. Thus *all* of the features of a particular arrangement should be looked into.

As a general rule it's best to anticipate new practices and methods and provide for them in the lease. Then if the practice is adopted each party knows what his responsibilities will be.